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# **Tobin & Co.**

Torch Lake Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Torch Lake Township	County Antrim
Audit Date 3/31/06	Opinion Date 9/15/06	Date Accountant Report Submitted to State: 9/26/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

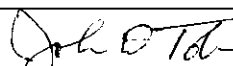
We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

**TOBIN & CO., P.C.**

400 E. EIGHTH ST.

TRAVERSE CITY, MI 49686-2668

Certified Public Accountant (Firm Name)			
Street Address 231-947-0151		City	State ZIP
Accountant Signature 		Date 9/26/06	

# Tobin & Co.

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INTRODUCTORY SECTION

# **Tobin & Co.**

## Comments and Recommendations

We have audited the basic financial statements of Torch Lake Township, Antrim County, for the year ended March 31, 2006 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Torch Lake Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

### General

The records were maintained in excellent condition by your present Clerk and Treasurer. Recorded revenues were deposited intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials for 2005-2006 are commendable.

### Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds. Expenditures for two cost centers exceeded the budgets by a small amount. However, records show that cost center budgets were closely monitored during the year.

### Property Tax Collections

2005 property taxes collected were distributed to taxing units prior to the end of the fiscal year. This function was handled in an excellent manner by the Treasurer.

Schedule 7 reflects the amount levied, collected, and returned delinquent for the 2005 property tax levy.

### Ambulance/EMS

The billing for ambulance/EMS services appears to be functioning as intended.

### Capital/Intangible Assets

Note 4 reflects the acquisition of capital/intangible assets during the audit year. GASB #34 requires that these assets be capitalized and depreciated or amortized over their useful lives on the government-wide financial statements.

### Property Tax Administration Fees

As permitted by statute, an administration fee of 1% was levied on all 2005 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting, and the review and appeal process. As reflected on Schedule 8, costs exceed fees collected by \$4,691 for the year. The accumulated excess of costs over amounts collected is \$10,863 at March 31, 2006.

### Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, and Supervisor have surety bond coverage.

### Payroll Procedures

Payroll procedures and filing of payroll tax returns were handled in a proper manner by the Township Clerk.

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# **Tobin & Co.**

## Comments and Recommendations

### Other Data

We noted the use of an interest bearing money market account and the purchase of certificates of deposit during the audit year. This practice resulted in earned interest of over \$45,000 for the audit year. We commend the Treasurer and other Board members for the practices and policies which resulted in this additional revenue.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

# **Tobin & Co.**

## FINANCIAL SECTION

# Tobin & Co.

## REPORT OF INDEPENDENT AUDITOR

To the Township Board  
Torch Lake Township  
Antrim County  
Eastport, Michigan 49627

We have audited the accompanying financial statements of the governmental activities and each major fund of Torch Lake Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Torch Lake Township at March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by Government Accounting Standards Board Statement 34. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Torch Lake Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Tobin & Co., P.C.*

TOBIN & CO., P.C.  
Certified Public Accountants  
September 15, 2006



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# Tobin & Co.

## TORCH LAKE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Administrative Officials of the Torch Lake Township, Antrim County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Torch Lake Township for the fiscal year ended March 31, 2006.

### Financial Highlights

The assets of Torch Lake Township exceeded its liabilities at the close of the most recent fiscal year by \$3,194,245. Of this amount, \$1,750,316 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,793,263, an increase of \$201,483 in comparison with the prior year. The total amount, \$1,734,078 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$637,326, or 185% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Torch Lake Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

#### 1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Torch Lake Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

#### 2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Torch Lake Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Torch Lake Township are categorized as governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Torch Lake Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and EMS Fund, which are considered to be major funds. All Township government activities are included in these seven funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

### **3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **General Fund Analysis and Highlights**

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$637,326. Unreserved fund balance represents 185% of total general fund expenditures for the year.

The fund balance of the Township's general fund increased by \$33,759 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year; however, some funds were shifted from the fund balance to Insurance & Bonds (\$600) for the annual premium adjustment. The total dollars spent in general fund activities was \$488,819 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy to this is the dedicated effort to plan for the future. Since the fiscal year of 1998-1999 the administration, through the general fund, has been able to place into the Buildings Reserve Capital Improvement account, a total of \$275,000. This is an average of over \$39,200 per fiscal year over eight years. This money will serve as one source of funds for a new building facility, which is being considered, that will service the Township governmental functions, including the Fire and EMS departments as well.

#### **Analysis of Balances and Transaction of the Other Township Funds**

The Ambulance Special Assessment District Fund (EMS) is maintained by a special assessment district millage that allows a maximum annual debt retirement millage of 10 mills and an unlimited operations millage annually. These funds can only be used in conjunction with our Emergency Medical Service (EMS) Department operations. At the end of the current fiscal year, the total fund balance was \$283,708. This fund increased by \$33,066 over the previous fiscal year's fund balance.

Over the past eight years we have earmarked \$66,000 for Ambulance Vehicles Capital Outlay for scheduled vehicle replacements, an average of over \$8,250 per year. At the same time, starting with the previous fiscal year, we have earmarked \$35,000 for Buildings Capital Improvement Outlay for the above mentioned proposed building facility that will include EMS operations.

The Fire Special Assessment District Fund is maintained by a special assessment district millage that allows a maximum debt retirement annual millage of 10 mills and an unlimited operations millage annually. These funds can only be used in conjunction with our Fire Department operations. At the end of the current fiscal year, the total fund balance was \$736,614. This fund increased by \$128,288 over the previous fiscal year's fund balance.

Over the past seven years we have earmarked \$141,000 for Fire Vehicles Capital Outlay for scheduled vehicle replacements, an average of \$20,100. Additionally we have budgeted \$375,000 for Buildings Capital Improvement Outlay for the above mentioned building facility that will include our main Fire Department operations. This was an average of over \$53,500 per year.

#### **Capital Asset and Debt Administration**

##### **Capital Assets**

The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$1,384,744. This investment in capital assets includes: several parcels of land, Township Hall, Fire and Rescue Barns, Fire and Rescue Trucks and Equipment, and Office Furniture and Equipment. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful life. This fiscal year the amount by which capital outlays exceeded depreciation was \$36,802.

# **Tobin & Co.**

## **Cash Assets**

At the end of the current fiscal year, the Township had \$1,561,152 in cash and other spendable assets. Of this amount, \$1,549,857 (99%) was held in Money Market Funds and certificates of deposit and was earning interest; the remainder is held in the Township's checking account. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

## **Long-term Debt**

At the end of the current fiscal year, the Township had installment debt outstanding of \$31,632. This was incurred in connection with the acquisition of a fire tanker.

## **Pension Plan**

Township employees have the option of having the Township pay Social Security taxes or to join our pension plan. The Township makes contributions equal to 6 percent of each employee's wage and employees contribute an additional 10 percent to Municipal Retirement Systems, Inc. This is an expensed item in the budget and totaled \$6,421 for the fiscal year. The Township also provides health insurance for full-time EMS personnel.

## **Requests for Information**

This financial report is designed to provide a general overview of Torch Lake Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Robert Spencer, Supervisor, Torch Lake Township, P. O. Box 713, Eastport, MI 49627 (231-599-2036).

# Tobin & Co.

## Torch Lake Township Statement of Net Assets March 31, 2006

		Governmental Activities And Total
<u>Assets</u>		
Cash and Cash Equivalents		\$ 1,561,152
Investments		246,687
Accounts Receivables		34,112
Taxes Receivable		28,780
Capital Assets:		
Land	\$ 1,022,421	
Other Capital Assets, Net of Depreciation	<u>362,323</u>	<u>1,384,744</u>
Total Assets		<u>3,255,475</u>
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses		29,598
Long-term Liabilities:		
Due Within One Year		15,544
Due in More Than One Year		<u>16,088</u>
Total Liabilities		<u>61,230</u>
<u>Net Assets</u>		
Invested in Capital and Intangible Assets, Net of Related Debt		1,384,744
Restricted for:		
Cemetery Perpetual Care		59,185
Unrestricted		<u>1,750,316</u>
Total Net Assets		<u>\$ 3,194,245</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Torch Lake Township Statement of Activities March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 47,867	\$ -	\$ -	\$ (47,867)
General Government	156,843	31,010	-	(125,833)
Public Safety	354,562	27,110	-	(327,452)
Public Works	13,575	-	-	(13,575)
Recreation and Cultural	18,140	-	-	(18,140)
Interest on Long-Term Debt	<u>1,640</u>	<u>-</u>	<u>-</u>	<u>(1,640)</u>
Total Governmental Activities	<u>\$ 592,627</u>	<u>\$ 58,120</u>	<u>\$ -</u>	<u>(534,507)</u>
General Revenues:				
Property Taxes				653,804
Grants and Contributions Not Restricted to Specific Programs				85,763
Unrestricted Investment Earnings				45,454
Miscellaneous				<u>26,677</u>
Total General Revenues				811,698
Change in Net Assets				277,191
Net Assets – Beginning				<u>2,917,054</u>
Net Assets – Ending				<u>\$ 3,194,245</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Torch Lake Township Balance Sheet Governmental Funds March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>EMS</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Cash and Cash Equivalents	\$ 518,522	\$ 625,010	\$ 282,006	\$ 135,614	\$ 1,561,152
Investments	131,633	115,054	-	-	246,687
Accounts Receivable	19,090	-	15,022	-	34,112
Taxes Receivable – Current	<u>10,168</u>	<u>8,272</u>	<u>10,340</u>	<u>-</u>	<u>28,780</u>
<b>Total Assets</b>	<b><u>\$ 679,413</u></b>	<b><u>\$ 748,336</u></b>	<b><u>\$ 307,368</u></b>	<b><u>\$ 135,614</u></b>	<b><u>\$ 1,870,731</u></b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 4,417	\$ -	\$ 310	\$ -	\$ 4,727
Wages, Pension, and Payroll Taxes	8,412	3,450	13,009	-	24,871
Deferred Revenue	<u>29,258</u>	<u>8,272</u>	<u>10,340</u>	<u>-</u>	<u>47,870</u>
<b>Total Liabilities</b>	<b><u>42,087</u></b>	<b><u>11,722</u></b>	<b><u>23,659</u></b>	<b><u>-</u></b>	<b><u>77,468</u></b>
<b>Fund Balances:</b>					
Reserved					
Unreserved	<u>637,326</u>	<u>736,614</u>	<u>283,709</u>	<u>135,614</u>	<u>1,793,263</u>
<b>Total Fund Balances</b>	<b><u>637,326</u></b>	<b><u>736,614</u></b>	<b><u>283,709</u></b>	<b><u>135,614</u></b>	<b><u>1,793,263</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 679,413</u></b>	<b><u>\$ 748,336</u></b>	<b><u>\$ 307,368</u></b>	<b><u>\$ 135,614</u></b>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					1,384,744
Property taxes receivable and accounts receivable are not deferred in the statement of net assets.					47,870
Long-term liabilities do not use current financial resources, and therefore, are not reported in the funds.					<u>(31,632)</u>
<b>Net assets of governmental activities.</b>					<b><u>\$ 3,194,245</u></b>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Torch Lake Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2006

	General	Fire	EMS	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 226,091	\$ 179,478	\$ 224,340	\$ -	\$ 629,909
Licenses and Permits	2,397	-	-	-	2,397
Federal Grant	4,800	-	-	-	4,800
State Grants	78,675	-	-	2,288	80,963
Charges for Services	31,010	-	27,110	-	58,120
Interest and Rents	25,408	16,927	5,089	2,552	49,976
Other	10,579	3,845	3,174	2,160	19,758
Total	<u>378,960</u>	<u>200,250</u>	<u>259,713</u>	<u>7,000</u>	<u>845,923</u>
<u>Expenditures</u>					
Legislative	41,157	-	-	-	41,157
General Government	129,143	-	-	-	129,143
Public Safety	26,311	46,349	226,647	630	299,937
Public Works	57,853	-	-	-	57,853
Recreation and Cultural	17,775	-	-	-	17,775
Other	13,949	-	-	-	13,949
Capital Outlay	59,013	8,962	-	-	67,975
Debt Service	-	16,651	-	-	16,651
Total	<u>345,201</u>	<u>71,962</u>	<u>226,647</u>	<u>630</u>	<u>644,440</u>
<u>Excess Revenues (Expenditures) and Net Change in Fund Balances</u>	33,759	128,288	33,066	6,370	201,483
Fund Balance – Beginning of Year	<u>603,567</u>	<u>608,326</u>	<u>250,643</u>	<u>129,244</u>	<u>1,591,780</u>
Fund Balance – End of Year	<u>\$ 637,326</u>	<u>\$ 736,614</u>	<u>\$ 283,709</u>	<u>\$ 135,614</u>	<u>\$ 1,793,263</u>

See Accompanying Notes to Basic Financial Statements

# **Tobin & Co.**

Torch Lake Township  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Activities  
For the Year Ended March 31, 2006

Net change in fund balances – total governmental funds	\$ 201,483
Governmental funds defer property tax revenues received more than 60 days after the year end as unavailable financial resources for the financial statements. In the statement of activities these are not deferred.	23,895
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets and costs of intangible assets exceeded depreciation and amortization in the current period.	36,802
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	<u>15,011</u>
Changes in net assets of governmental activities	<u>\$ 277,191</u>

See Accompanying Notes to Basic Financial Statements



# **Tobin & Co.**

Torch Lake Township  
Statement of Fiduciary Net Assets  
March 31, 2006

Assets	<u>Agency Funds</u>
Cash and Investments	<u>\$ 107</u>
Total Assets	<u>107</u>
Liabilities	
Undistributed Taxes and Interest	<u>107</u>
Total Liabilities	<u>107</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

# Tobin & Co.

## Torch Lake Township Notes to Financial Statements March 31, 2006

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Torch Lake Township is a general law township located in Antrim County. Population as of the 2000 census was 1,159, and the current state equalized value and the taxable value for taxable property is \$324,394,100 and \$181,813,426, respectively.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

#### B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs.

#### Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

# **Tobin & Co.**

Torch Lake Township  
Notes to Financial Statements  
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

# Tobin & Co.

## Torch Lake Township Notes to Financial Statements March 31, 2006

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### E. Capital Assets (Continued)

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 – 20 years
Buildings and Improvements	25 – 40 years
Vehicles	5 – 10 years
Machinery and Equipment	5 – 10 years
Furniture and Equipment	3 – 10 years

#### F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$324,394,100	\$181,813,426	.9188
Fire Protection	\$323,153,400	\$180,572,726	1.0000
Ambulance Service	\$323,153,400	\$180,572,726	1.2500

#### G. Investments

At March 31, 2006, the Township had investments with a carrying value of \$246,687. Township officials have been assured that the investments are legal for local units of government in Michigan.

#### H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fiduciary Fund Type and Non-expendable Trust Funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2006.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2006, two cost centers exceeded their expenditure budgets.

# Tobin & Co.

## Torch Lake Township Notes to Financial Statements March 31, 2006

### NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

#### A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

#### B. Types of Deposits and Investments

The Township had \$                      deposited with local financial institutions at March 31, 2006 with a carrying value of \$1,561,152. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$                      of uninsured deposits at March 31, 2006.

### NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/06</u>
Governmental Activities:				
Land and Improvements	\$ 968,624	\$ 53,797	\$ -	\$ 1,022,421
Buildings and Improvements	283,220	-	-	283,220
Machinery and Equipment	136,018	-	-	136,018
Office Furniture and Equipment	30,269	-	-	30,269
Vehicles and Equipment	<u>346,145</u>	<u>-</u>	<u>-</u>	<u>346,145</u>
Total	1,764,276	53,797	-	1,818,073
Less Accumulated Depreciation	<u>(372,056)</u>	<u>(61,273)</u>	<u>-</u>	<u>(433,329)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,392,220</u>	<u>\$ (7,476)</u>	<u>\$ -</u>	<u>\$ 1,384,744</u>

# Tobin & Co.

## Torch Lake Township Notes to Financial Statements March 31, 2006

### NOTE 4 - CAPITAL/INTANGIBLE ASSETS (Continued)

	<u>3/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/06</u>
Intangible Assets:				
Roads	\$ -	\$ 45,413	\$ -	\$ 45,413
Less Accumulated Depreciation	-	(1,135)	-	(1,135)
Intangible Assets, Net	<u>\$ -</u>	<u>\$ 44,278</u>	<u>\$ -</u>	<u>\$ 44,278</u>

### NOTE 5 - LONG-TERM DEBT

During the year ended March 31, 2004, the Township issued an installment contract in connection with the purchase of a fire tanker body. The vendor then sold the contract to a bank. Terms of the installment contract are as follows:

Amount of contract	\$ 75,179
Annual payments including interest at 3 1/2%	\$ 16,650
Scheduled Payments	
	<u>Principal</u> <u>Interest</u>
February 25, 2007	\$ 15,544      \$ 1,107
February 25, 2008	16,088      563
	<u>\$ 31,632</u> <u>\$ 1,670</u>

### NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

There were no inter-fund loans, advances or transfers during the audit year.

### NOTE 7 - INVENTORIES

Torch Lake Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

### NOTE 8 - RETIREMENT PLAN

The Township participates in a defined pension plan for Michigan Township employees through Municipal Retirement Systems, Inc. Listed below is a summary of the significant plan provisions adopted by Board resolution in July 1991:

#### A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials and full-time and part-time employees.

#### B. Contributions

1. 16% of annual compensation is funded annually – 6% by the Township and 10% by employees.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 38% of required annual contribution.

#### C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at age 65.

# **Tobin & Co.**

## **Torch Lake Township Notes to Financial Statements March 31, 2006**

### **NOTE 8 - RETIREMENT PLAN (Continued)**

#### **D. Plan Administration**

1. The plan is administered by the Township Clerk. During the year ended March 31, 2006, the total Township contribution for the plan year, July 1, 2005 to June 30, 2006 was \$6,461. Covered payroll for the year was \$107,686 with total payroll of \$273,607 for all employees. The plan was funded at the required contribution amount.

### **NOTE 9 - ACCOUNTS/TAXES RECEIVABLE**

Delinquent taxes receivable of \$8,110 in the General Fund and \$18,612 in the Special Revenue Funds, represent 2005 real property tax and property tax administration fees returned delinquent to the County Treasurer for collection as of March 1, 2006. Revenue recognition is deferred until taxes are collected, as the above amounts are not available for expenditures or obligations of the audit year. Accounts receivable represent outstanding charges for services rendered by the Ambulance Service. The revenues are recognized at the time the services are billed which approximates the date of service.

### **NOTE 10 - PROPERTY TAX ADMINISTRATION FEES**

As permitted by statute, the Township levied a 1% administration fee on all 2005 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. Fee expenditures exceeded collections for the audit year by \$4,691, and at March 31, 2006 accumulated fee expenditures exceeded collections by \$10,863.

### **NOTE 11 - CONTINGENT LIABILITIES**

Township officials are aware of no contingent liabilities as of March 31, 2006.

### **NOTE 12- RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 13- COMPENSATED ABSENCES**

The Township provides EMS employees with paid vacation and paid personal/sick days. Paid vacation days accrue beginning at one-half day per month to a maximum of one day per month with a maximum of ten days per calendar year. Personal/sick days accrue at the rate of one day per month to a maximum of ten days per calendar year. At March 31, 2006, a total of \$2,158 of vacation and personal/sick days had accrued.

SUPPLEMENTAL DATA SECTION



# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2006

Schedule 1  
Page 1

<u>Revenues</u>	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 167,400	\$ 167,400	\$ 168,348	\$ 948
Delinquent Taxes	6,900	6,900	6,534	(366)
Penalties and Interest on Taxes	500	500	678	178
Property Tax Administration Fees	43,000	43,000	50,531	7,531
Licenses and Permits:				
Permits	3,000	3,000	2,397	(603)
State Grants:				
Federal Grant	-	-	4,800	4,800
State Shared Revenues	79,400	79,400	76,895	(2,505)
Metro Act	600	600	1,780	1,180
Charges for Services:				
Trash	7,500	7,500	7,560	60
Cemetery Lots	2,500	2,500	8,640	6,140
Tax Collection Fees	7,345	7,345	7,322	(23)
Other	2,500	2,500	7,488	4,988
Interest and Rents:				
Interest	8,500	8,500	23,438	14,938
Rents	1,500	1,500	1,970	470
Other:				
Miscellaneous	400	400	10,579	10,179
Total Revenues	<u>331,045</u>	<u>331,045</u>	<u>378,960</u>	<u>47,915</u>
<u>Expenditures</u>				
Legislative:				
Township Board:				
Salaries and Wages	-	-	5,417	-
Legal	-	-	15,615	-
Audit	-	-	4,955	-
Assoc.	-	-	2,949	-
Telephone	-	-	1,309	-
Travel	-	-	50	-
Printing	-	-	4,712	-
Supplies	-	-	2,666	-
Education	-	-	3,484	-
Total	<u>44,800</u>	<u>44,800</u>	<u>41,157</u>	<u>3,643</u>
Total Legislative	<u>44,800</u>	<u>44,800</u>	<u>41,157</u>	<u>3,643</u>
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	14,572	-
Dues	-	-	-	-
Travel	-	-	317	-
Education	-	-	1,135	-
Total	<u>17,470</u>	<u>17,470</u>	<u>16,024</u>	<u>1,446</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2006

Schedule 1  
Page 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	1,765	-
Supplies	-	-	379	-
Travel	-	-	318	-
Total	<u>1,925</u>	<u>2,925</u>	<u>2,462</u>	<u>463</u>
Assessor:				
Salaries and Wages	-	-	22,008	-
Supplies	-	-	819	-
Contractual Services	-	-	4,788	-
Education and Other	-	-	274	-
Total	<u>27,225</u>	<u>27,225</u>	<u>27,889</u>	<u>(664)</u>
Clerk:				
Salaries and Wages	-	-	17,631	-
Supplies	-	-	64	-
Contracted Services	-	-	970	-
Dues	-	-	95	-
Education and Travel	-	-	1,558	-
Total	<u>18,905</u>	<u>18,905</u>	<u>20,318</u>	<u>(1,413)</u>
Board of Review:				
Salaries and Wages	-	-	1,440	-
Other	-	-	38	-
Total	<u>1,540</u>	<u>1,540</u>	<u>1,478</u>	<u>62</u>
Treasurer:				
Salaries and Wages	-	-	19,157	-
Supplies	-	-	4,454	-
Contractual Services	-	-	1,672	-
Education and Travel	-	-	1,122	-
Total	<u>26,700</u>	<u>26,700</u>	<u>26,405</u>	<u>295</u>
Township Hall and Grounds:				
Salaries and Wages	-	-	645	-
Supplies	-	-	656	-
Snow Removal and Lawn Care	-	-	993	-
Public Utilities	-	-	4,478	-
Maintenance and Repairs	-	-	21,908	-
Total	<u>15,425</u>	<u>31,425</u>	<u>28,680</u>	<u>2,745</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
General Fund  
For the Year Ended March 31, 2006

Schedule 1  
Page 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Cemetery:				
Salaries and Wages	-	-	2,483	-
Supplies	-	-	502	-
Contracted Services	-	-	-	-
Public Utilities	-	-	131	-
Maintenance and Repairs	-	-	2,771	-
Total	<u>7,200</u>	<u>7,200</u>	<u>5,887</u> x	<u>1,313</u>
Total General Government	<u>116,390</u>	<u>133,390</u>	<u>129,143</u>	<u>4,247</u>
Public Safety:				
Planning:				
Salaries and Wages	-	-	16,990	-
Consulting	-	-	5,106	-
Supplies	-	-	74	-
Printing	-	-	1,037	-
Education, Travel, and Miscellaneous	-	-	1,631	-
Total	<u>33,250</u>	<u>33,250</u> /	<u>24,838</u> /	<u>8,412</u>
Police:				
Salaries and Wages	-	-	790	-
Utilities	-	-	382	-
Travel	-	-	301	-
Total	<u>2,550</u>	<u>2,550</u>	<u>1,473</u> x	<u>1,077</u>
Total Public Safety	<u>35,800</u>	<u>35,800</u>	<u>26,311</u>	<u>9,489</u>
Public Works:				
Roads	57,560	57,560	45,413 x	12,147
Street Lights	2,400	2,400	2,440 x	(40)
Recycling	12,500	12,500	10,000 x	2,500
Community Programs	<u>3,000</u>	<u>3,000</u>	-	<u>3,000</u>
Total Public Works	<u>75,460</u>	<u>75,460</u>	<u>57,853</u>	<u>17,607</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended March 31, 2006

Schedule I  
Page 4

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Expenditures (Continued)</u>				
Recreation and Culture:				
Day Park:				
Salaries and Wages	-	-	5,193	-
Supplies	-	-	730	-
Utilities	-	-	1,053	-
Maintenance and Repairs	-	-	2,946	-
Other	-	-	503	-
Total	<u>14,870</u>	<u>14,870</u>	<u>10,425</u>	<u>4,445</u>
Public Access	<u>5,000</u>	<u>5,000</u>	<u>3,850</u>	<u>1,150</u>
Library:				
Contracted Services	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	-
Total Recreation and Culture	<u>23,370</u>	<u>23,370</u>	<u>17,775</u>	<u>5,595</u>
Other:				
Insurance	5,800	6,400	6,328	72
Social Security and Medicare	2,800	2,800	2,600	200
Pension	<u>5,500</u>	<u>5,500</u>	<u>5,021</u>	<u>479</u>
Total Other	<u>14,100</u>	<u>14,700</u>	<u>13,949</u>	<u>751</u>
Capital Outlay	<u>482,500</u>	<u>466,500</u>	<u>59,013</u>	<u>407,487</u>
Total Expenditures	<u>792,420</u>	<u>794,020</u>	<u>345,201</u>	<u>448,819</u>
Excess Revenues (Expenditures)	(1) <u>\$ (461,375)</u>	<u>\$ (462,975)</u>	33,759	<u>\$ 496,734</u>
Fund Balance – Beginning of Year			<u>603,567</u>	
Fund Balance – End of Year			<u>\$ 637,326</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Fire Fund  
For the Year Ended March 31, 2006

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 171,600	\$ 171,600	\$ 172,409	\$ 809
Delinquent Taxes	7,400	7,400	7,069	(331)
Interest and Rents:				
Earned Interest	3,000	3,000	16,927	13,927
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>3,845</u>	<u>845</u>
Total	<u>185,000</u>	<u>185,000</u>	<u>200,250</u>	<u>15,250</u>
<u>Expenditures</u>				
Salaries and Wages	45,715	45,715	18,609	27,106
Pension Plan and Social Security	2,200	2,200	831	1,369
Medical Testing	1,500	1,500	-	1,500
Office Supplies	300	300	596	(296)
Supplies	3,300	3,300	2,165	1,135
Gas	2,000	2,000	1,643	357
Professional Fees	900	900	-	900
Dues and Subscriptions	300	300	442	(142)
Telephone	1,200	1,200	1,080	120
Insurance	7,000	7,000	4,406	2,594
Public Utilities	6,900	6,900	8,876	(1,976)
Maintenance and Repairs	7,500	7,500	4,839	2,661
Training, Travel, and Miscellaneous	7,100	7,100	2,862	4,238
Capital Outlay:				
Land	380,000	380,000	-	380,000
Equipment	193,000	193,000	8,962	184,038
Principal on Debt	14,900	14,900	15,010	(110)
Interest	<u>1,750</u>	<u>1,750</u>	<u>1,641</u>	<u>109</u>
Total	<u>675,565</u>	<u>675,565</u>	<u>71,962</u>	<u>603,603</u>
Excess Revenues (Expenditures)	(1) <u>\$ (490,565)</u>	<u>\$ (490,565)</u>	128,288	<u>\$ 618,853</u>
Fund Balance – Beginning of Year			<u>608,326</u>	
Fund Balance – End of Year			<u>\$ 736,614</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
EMS Fund  
For the Year Ended March 31, 2006

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 214,500	\$ 214,500	\$ 215,504	\$ 1,004
Delinquent Taxes	9,250	9,250	8,836	(414)
Charges for Services:				
Run Fees	25,000	25,000	27,110	2,110
Interest and Rents:				
Interest	2,500	2,500	5,089	2,589
Other:				
Donations	-	-	2,900	2,900
Miscellaneous	-	-	274	273
Total Revenues	<u>251,250</u>	<u>251,250</u>	<u>259,713</u>	<u>8,462</u>
<u>Expenditures</u>				
Salaries and Wages	167,870	167,870	164,789	3,081
Pension Plan and Social Security	12,300	12,300	11,580	720
Medical Testing	800	800	306	494
Certification	250	250	174	76
Health Insurance	15,000	15,000	12,553	2,447
Office Supplies	500	500	350	150
Supplies	9,000	9,000	4,983	4,017
Gas	2,000	2,000	1,458	542
Professional Fees	500	500	150	350
Dues and Subscriptions	225	225	125	100
Telephone	1,700	1,700	2,011	(311)
Insurance	15,000	15,000	12,861	2,139
Public Utilities	3,600	3,600	3,003	597
Maintenance and Repairs	5,000	5,000	4,136	864
Training, Travel, and Miscellaneous	9,500	9,500	8,168	1,332
Capital Outlay:				
Land	70,000	70,000	-	70,000
Equipment	<u>71,200</u>	<u>71,200</u>	<u>-</u>	<u>71,200</u>
Total Expenditures	<u>384,445</u>	<u>384,445</u>	<u>226,647</u>	<u>157,798</u>
Excess Revenues (Expenditures)	(1) <u>\$ (133,195)</u>	<u>\$ (133,195)</u>	33,066	<u>\$ 166,260</u>
Fund Balance – Beginning of Year			<u>250,643</u>	
Fund Balance – End of Year			<u>\$ 283,709</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

# Tobin & Co.

## Torch Lake Township Combining Balance Sheet Non-Major Governmental Funds March 31, 2006

Schedule 4

	<u>Special Revenues</u>			<u>Permanent Fund</u>	<u>Total</u>
	<u>Liquor Law Enforcement</u>	<u>Road Improvement</u>	<u>Park and Recreation</u>	<u>Perpetual Care</u>	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 13,257	\$ 41,503	\$ 21,669	\$ 59,185	\$ 135,614
Total Assets	<u>\$ 13,257</u>	<u>\$ 41,503</u>	<u>\$ 21,669</u>	<u>\$ 59,185</u>	<u>\$ 135,614</u>
 <u>Liabilities and Fund Equity</u>					
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-	-
Fund Equity:					
Fund Balance – Unreserved	13,257	41,503	21,669	59,185	135,614
Total	<u>13,257</u>	<u>41,503</u>	<u>21,669</u>	<u>59,185</u>	<u>135,614</u>
Total Liabilities and Fund Balance	<u>\$ 13,257</u>	<u>\$ 41,503</u>	<u>\$ 21,669</u>	<u>\$ 59,185</u>	<u>\$ 135,614</u>

The Notes to the Basic Financial statements are an integral part of this statement.

# Tobin & Co.

Toreh Lake Township  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
March 31, 2006

Schedule 5

	Special Revenues			Permanent Fund	
	Liquor Law Enforcement	Road Improvement	Park and Recreation	Perpetual Care	Total
<b>Revenues</b>					
State Grants	\$ 2,288	\$ -	\$ -	\$ -	\$ 2,288
Interest Earned	-	870	401	1,281	2,552
Other	-	-	-	2,160	2,160
<b>Total</b>	<b>2,288</b>	<b>870</b>	<b>401</b>	<b>3,441</b>	<b>7,000</b>
<b>Expenditures</b>					
Public Safety	630	-	-	-	630
<b>Total</b>	<b>630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>630</b>
<b>Excess Revenues (Expenditures)</b>	<b>1,658</b>	<b>870</b>	<b>401</b>	<b>3,441</b>	<b>6,370</b>
Fund Balance – Beginning of Year	11,599	40,633	21,268	55,744	129,244
Fund Balance – End of Year	\$ 13,257	\$ 41,503	\$ 21,669	\$ 59,185	\$ 135,614

The Notes to the Basic Financial statements are an integral part of this statement.



# Tobin & Co.

Torch Lake Township  
Statement of Changes in Assets and Liabilities  
Current Tax Collection Fund  
For the Year Ended March 31, 2006

Schedule 6

	Balance 3/31/05	Additions	Deductions	Balance 3/31/06
<u>Assets</u>				
Cash	\$ 153	\$ 5,357,397	\$ 5,357,443	\$ 107
Total Assets	\$ 153	\$ 5,357,397	\$ 5,357,443	\$ 107
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 153	\$ 5,357,397	\$ 5,357,443	\$ 107
Total Liabilities	\$ 153	\$ 5,357,397	\$ 5,357,443	\$ 107

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

## Torch Lake Township 2005 Property Tax Levy and Collections For the Year Ended March 31, 2006

Schedule 7

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	5.0437	\$ 961,364	\$ 923,645	\$ 37,719
County MB OP	0.7203	128,214	122,318	5,896
County Tax-COA	0.3734	71,203	67,929	3,274
School District Tax				
Central Lake	19.5000	843,871	780,325	63,546
Elk Rapids	20.5700	1,284,772	1,235,566	49,206
Intermediate School District				
TBA	2.9732	320,057	309,340	10,717
Char-Emmet	2.7534	199,094	188,749	10,345
State Education	6.0000	1,091,113	1,063,033	28,080
Township Taxes				
- General	0.9188	176,387	168,277	8,110
- Special Assessment – Ambulance	1.2500	225,757	215,417	10,340
- Special Assessment – Fire	1.0000	180,604	172,332	8,272
- Property Tax Administration Fee		50,998	48,824	2,174
District Library	0.3500	<u>25,784</u>	<u>24,445</u>	<u>1,339</u>
Total		<u>\$ 5,559,218</u>	<u>\$ 5,320,200</u>	<u>\$ 239,018</u>
Percent of Levy Collected	95.70%			
State Equalized Value		\$324,394,100		
Taxable Value		\$181,813,426		

The Notes to the Basic Financial Statements are an integral part of this statement.

# Tobin & Co.

Torch Lake Township  
Statement of Revenues, Expenditures and Balance  
Property Tax Administration Fees  
For the Year Ended March 31, 2006

Schedule 8

## Revenues

Property Tax Administration Fees	\$ 50,531
Total Revenues	<u>50,531</u>

## Expenditures

Assessor (100%)	27,889
Board of Review (100%)	1,478
Treasurer – (75% of salary plus Deputy salary)	14,230
Supervisor (15%)	2,136
Clerk (5%)	772
Contract Services	1,672
Travel	181
Education	660
Postage and Supplies	4,454
Insurance, Utilities and Use of Building	<u>1,750</u>
Total	<u>55,222</u>
Excess Revenues (Expenditures)	(4,691)
Excess Revenues (Expenditures) – Prior Years	<u>(6,172)</u>
Accumulated Excess Revenues (Expenditures)	<u>\$ (10,863)</u>

The Notes to the Financial Statements are an integral part of this statement.